

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-03 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

MBFR-04 SAJ-01 DODE-00 EB-11 COME-00 FRB-02 NIC-01

OMB-01 SS-15 NSC-10 ACDA-19 IO-13 OIC-04 DRC-01 /161 W

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FM USMISSION NATO

TO SECSTATE WASHDC 1731

C O N F I D E N T I A L USNATO 4480

E.O. 11652: GDS, 12/31/79

TAGS: ETRD, XH, NATO

SUBJECT: ECONOMIC COMMITTEE - CONSIDERATION OF AC/127-WP/358

(SOVIET INDEBTEDNESS)

REFS: AC/127-WP/358; STATE 186550

SUMMARY: DRAFT PAPER ON SOVIET INDEBTEDNESS IN 1972 (AC/127-WP/358)
REVIEWED AT SEPT. 20 ECONOMIC COMMITTEE MEETING. IT WAS AGREED
THAT REVISED PAPER, TAKING INTO ACCOUNT VIEWS EXPRESSED BY U.S.
AND OTHER DELS, WOULD BE FORWARDED TO COUNCIL. END SUMMARY.

1. U.S. DEL LED OFF DISCUSSION WITH GENERAL COMMENTS PER REFTEL
REGARDING CRITERION EMPLOYED FOR CALCULATING SOVIET EXTERNAL DEBT
SERVICING ABILITY AND RESTRICTING SCOPE OF STUDY TO CREDITS
EXTENDED AND GUARANTEED BY NATO COUNTRIES. CHAIRMAN EXPLAINED
SECRETARIAT AWARE STUDY INCOMPLETE, BUT THAT SCOPE OF PAPER
LIMITED BY AVAILABILITY DATA. GERMAN DEL NOTED THAT OMISSIONS
FROM RESTRICTING PAPER TO GOVERNMENT GUARANTEED CREDITS PROBABLY
MINIMAL SINCE PAPER STATES LONG-TERM CREDITS ACCOUNT FOR 90
PER CENT OF TOTAL, AND MOST IF NOT ALL SUCH CREDITS GUARANTEED.
CHAIRMAN AGREED SPELL OUT LIMITATIONS OF STUDY IN REVISED DRAFT
AND STATE TOTAL SOVIET INDEBTEDNESS WOULD BE HIGHER IF NON-
GOVERNMENT GUARANTEED CREDITS ALSO CONSIDERED. CHAIRMAN REQUESTED
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ANY INFO AVAILABLE TO U.S. ON CREDITS TO SOVIETS BY NON-NATO
INDUSTRIALIZED COUNTRIES.

2. FOLLOWING MORE SPECIFIC COMMENTS RELATE TO PARTICULAR PARAGRAPHS OF AC/127-WP/358:

A. PARA 7 - SOURCES OF INFORMATION FOR CALCULATION THAT REAL INTEREST RATES VARY BETWEEN 7 AND 8 PERCENT IS ANNEX II OF AC/127-WP/294 SUPPLEMENTED BY PRESS REPORTS. AT FRENCH DEL'S SUGGESTION, NEW DRAFT WILL ELIMINATE WORD "REAL" AND EXPLAIN WHAT ADJUSTMENTS NEEDED TO ARRIVE AT TRUE INTEREST.

B. PARA 8 - INCLUDING NON-NATO COUNTRY AND NON-GOVERNMENT GUARANTEED CREDITS IS BEYOND SCOPE OF STUDY.

C. PARA 9 - POINT OF CALENDAR OF FUTURE SERVICE PAYMENTS IS SIMPLY TO PROVIDE, AT POINT OF TIME ON BASIS KNOWN DATA, PICTURE OF SERVICE REQUIREMENTS EVEN WITHOUT NEW CREDITS.

D. PARA 12 - UK DEL MENTIONED THAT JAPANESE-SOVIET DEAL INVOLVING FINANCING OF TYUMEN OIL PROJECT VERY LIKELY IN JEOPARDY. UK WILL PROVIDE ADDITIONAL INFORMATION.

E. PARA 21 - AT UK SUGGESTION, FINAL SENTENCE WILL BE MODIFIED TO CONVEY IDEA THAT MOTIVATION FOR SOVIET AID ENTIRELY POLITICAL.

F. PARA 23 - SUB-PARAGRAPH (I) MODIFIED TO STATE "PAYMENT STARTS IN THE YEAR OF SIGNING CONTRACT." THIS TAKES ACCOUNT OF FRG INFO THAT REPAYMENT SPREAD OVER AGREED NUMBER OF YEARS AFTER DOWN PAYMENT WHEN CONTRACT SIGNED.

G. PARAS 29 AND 30 - BECAUSE OF PARTICULAR SOVIET MEANING FOR TERM, "INDUSTRIAL COOPERATION," PAPER WILL USE TERM, "ECONOMIC COOPERATION."

H. CONCLUSION SECTION - AT REQUEST FRENCH, GERMAN AND UK DELS, CONCLUDING PARAGRAPHS WILL BE REVISED TO AVOID MENTIONING DECISIONS TAKEN IN CSCE CONTEXT NOT TO RAISE FINANCIAL MATTERS WITH SOVIETS AND EE. GERMAN DEL POINTED OUT THAT ALL ATTEMPTS IN WEST TO HARMONIZE CREDITS HAD FAILED AND EXPRESSED VIEW THAT CREDITS WERE MATTER FOR EACH NATION TO DECIDE.

3. SECRETARIAT ENTRUSTED WITH REVISING PAPER FOR SUBMISSION TO COUNCIL, TAKING INTO ACCOUNT POINTS RAISED DURING MEETING.

4. ACTION REQUESTED: WOULD APPRECIATE INFO AVAILABLE U.S. ON CREDITS TO SOVIETS BY NON-NATO INDUSTRIALIZED COUNTRIES WHICH MISSION MIGHT TRANSMIT TO SECRETARIAT.

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Message Attributes

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Copy: SINGLE
Draft Date: 24 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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